

U.S. FEDERAL AND GERMAN TAX CONSEQUENCES

General

The following sections contain separate discussions of:

- U.S. federal income tax consequences of the Deutsche Telekom/VoiceStream merger to U.S. holders of VoiceStream common shares;
- U.S. federal income tax consequences of the Deutsche Telekom/Powertel merger to U.S. holders of Powertel common shares;
- U.S. federal income tax consequences of the Deutsche Telekom/Powertel merger to U.S. holders of Powertel preferred shares;
- U.S. federal income tax consequences of the VoiceStream/Powertel merger to U.S. holders of Powertel common shares;
- U.S. federal income tax consequences of the VoiceStream/Powertel merger to U.S. holders of Powertel preferred shares;
- U.S. federal income tax and German tax considerations for U.S. resident holders of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares; and
- German tax considerations for non-German holders of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares.

General Matters Relating to U.S. Federal Income Tax Discussions

As used in these discussions, the term “U.S. holder” means, before the merger, a beneficial owner of VoiceStream common shares or Powertel shares, as applicable, or an employee stock option to acquire such shares, and, after the merger, a beneficial owner of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares or VoiceStream common shares, as applicable, who is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organized in the United States or under the law of the United States or any state or the District of Columbia; or
- a partnership, trust, or estate that is treated as a United States person.

These discussions do not address all aspects of U.S. tax law that may be relevant to a U.S. holder in light of his particular circumstances or who is subject to special provisions of such law. For example, these discussions do not address all aspects of U.S. tax law that may be relevant to U.S. holders:

- who are liable for alternative minimum tax;
- who hold their VoiceStream common shares, Powertel shares, Deutsche Telekom ADSs, or Deutsche Telekom ordinary shares as part of a straddle, hedge, synthetic security, conversion transaction or other integrated investment composed of one or more other investments;
- whose “functional currency” is not the U.S. dollar; or
- who are financial institutions, insurance companies, tax-exempt organizations, traders in securities that elect mark-to-market accounting treatment, or broker-dealers.

In addition, these discussions are limited to U.S. holders who hold their VoiceStream common shares, Powertel shares, Deutsche Telekom ADSs or Deutsche Telekom ordinary shares as capital assets. The discussion also does not address U.S. state or local taxation or taxation by countries other than the United States and Germany.

The U.S. tax discussions are based on existing U.S. federal income tax law, including statutes, regulations, administrative rulings, and court decisions, all as in effect on the date of this proxy statement/prospectus. All of these authorities are subject to change, or change in interpretation, possibly with retroactive effect. These discussions assume that each merger will be completed in accordance with the terms of the relevant merger agreement. Any change in any of the foregoing authorities or failure of the assumption to be true could alter the tax consequences discussed below. The parties will not request, and none of the mergers is conditioned on, a ruling from the Internal Revenue Service as to any of the U.S. federal income tax consequences of such merger. As a result, there can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth in the discussions.

In these discussions, when we refer to the completion of any of the mergers, we mean the effective time of those mergers, which occurs when a certificate of merger is filed and becomes effective.

Each VoiceStream shareholder and Powertel shareholder is urged to consult his own tax advisor as to the U.S. federal income and other tax consequences to him of the relevant merger, including the income tax consequences arising from his own unique facts and circumstances, and including any estate, inheritance, gift, state, local or non-U.S. tax consequences of the relevant merger.

U.S. Federal Income Tax Consequences of the Deutsche Telekom/VoiceStream Merger to U.S. Holders of VoiceStream Common Shares

Subject to the limitations and qualifications set forth under “— General” and in this section, the discussion in this section represents the opinion of Jones, Day, Reavis & Pogue, tax counsel to VoiceStream, and Wachtell, Lipton, Rosen & Katz, special counsel to VoiceStream, as to the material U.S. federal income tax consequences of the Deutsche Telekom/VoiceStream merger to U.S. holders of VoiceStream common shares. Each counsel has delivered this opinion, dated the effective date of this proxy statement/prospectus, to VoiceStream.

Tax Opinion Condition to Closing

The obligation of VoiceStream to complete the Deutsche Telekom/VoiceStream merger is conditioned on the receipt of an additional opinion from tax counsel to VoiceStream and/or special counsel to VoiceStream, dated as of completion of the Deutsche Telekom/VoiceStream merger, substantially to the effect that the Deutsche Telekom/VoiceStream merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code and that each transfer of property to Deutsche Telekom by a shareholder of VoiceStream pursuant to the Deutsche Telekom/VoiceStream merger will not be subject to Section 367(a)(1) of the U.S. tax code. Counsel’s tax opinion will be based on assumptions noted in the opinion, including an assumption that any “five-percent transferee shareholder” of Deutsche Telekom, as defined in Treasury regulations promulgated under Section 367(a) of the U.S. tax code, will file a “gain recognition agreement” as defined in such regulations, and on factual representations of VoiceStream and Deutsche Telekom contained in certificates signed by officers of VoiceStream and Deutsche Telekom to be delivered at the time of the Deutsche Telekom/VoiceStream merger. VoiceStream does not intend to waive the receipt of its counsel’s opinion as a condition to its obligation to complete the Deutsche Telekom/VoiceStream merger, and will not waive the receipt of an opinion as a condition to its obligation to complete the merger without recirculating this document in order to resolicit stockholder approval. Counsel’s opinion will not be binding on the IRS or any court.

Both counsels presently intend to deliver to VoiceStream at the completion of the merger an opinion that satisfies the requirements set forth in the prior paragraph, and it is assumed for purposes of the remainder of the discussion in this section that both counsels will deliver such an opinion.

U.S. Holders Whose Merger Consideration Does Not Consist Solely of Cash

For U.S. federal income tax purposes, the Deutsche Telekom/VoiceStream merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code and each transfer of property to Deutsche Telekom by a shareholder of VoiceStream pursuant to the Deutsche Telekom/VoiceStream

merger will not be subject to Section 367(a)(1) of the U.S. tax code. Accordingly, with the possible exception of merger consideration that is received in exchange for the 0.75% stock dividend permitted by the Deutsche Telekom/VoiceStream merger agreement as described under “Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Election and Exchange of Certificates Representing VoiceStream Common Shares”, a U.S. holder of VoiceStream common shares whose merger consideration does not consist solely of cash:

- will not recognize any loss upon his receipt of merger consideration in the Deutsche Telekom/VoiceStream merger, and
- will recognize gain upon his receipt of merger consideration in the Deutsche Telekom/VoiceStream merger equal to the lesser of the gain realized, if any, with respect to each VoiceStream common share exchanged and the cash, if any, received for the VoiceStream common share.

The amount of gain realized with respect to each VoiceStream common share exchanged will equal the excess of:

- the sum of the fair market value at the completion of the Deutsche Telekom/VoiceStream merger of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares and the cash, if any, received for the share, over
- the U.S. holder’s tax basis in such share.

As discussed further below, different rules apply to any shareholder of VoiceStream who, immediately after the Deutsche Telekom/VoiceStream merger, will be a “five-percent transferee shareholder” of Deutsche Telekom, as defined in Treasury regulations promulgated under Section 367(a) of the U.S. tax code, and to any cash received in lieu of fractional shares in the Deutsche Telekom/VoiceStream merger. Any recognized gain generally will be capital gain, and generally will be long-term capital gain with respect to VoiceStream common shares held by the U.S. holder for more than 12 months at the completion of the Deutsche Telekom/VoiceStream merger. In some cases, if the shareholder actually or constructively owns Deutsche Telekom ADSs or Deutsche Telekom ordinary shares other than those received as a result of the Deutsche Telekom/VoiceStream merger, the recognized gain could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the U.S. tax code, in which case such gain would be treated as ordinary dividend income.

The aggregate tax basis of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received by a U.S. holder in the Deutsche Telekom/VoiceStream merger, including any fractional interests to which the U.S. holder would be entitled but for the special treatment of fractional interests described below, will equal the aggregate tax basis of the VoiceStream common shares exchanged for the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares, increased by the amount of gain, including any gain that is treated as a dividend, recognized by the U.S. holder as a result of his exchange of VoiceStream common shares in the Deutsche Telekom/VoiceStream merger, and decreased by the amount of cash received by the U.S. holder in the Deutsche Telekom/VoiceStream merger, other than cash received in lieu of a fractional Deutsche Telekom ADS or Deutsche Telekom ordinary share. The holding period of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received will include the holding period of the VoiceStream common shares exchanged therefor.

Fractional interests in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares will not be issued to VoiceStream shareholders in the Deutsche Telekom/VoiceStream merger. Instead, any fractional interests VoiceStream shareholders otherwise would have been entitled to receive will be sold and the proceeds will be paid to those shareholders. A U.S. holder who receives cash in respect of a fractional interest in a Deutsche Telekom ADS or Deutsche Telekom ordinary share will recognize gain or loss equal to the difference between the cash received for the fractional share and the U.S. holder’s tax basis in the VoiceStream common shares exchanged which is allocable to the fractional interest. Any such gain or loss generally will be capital gain or loss, and generally will be long-term capital gain or loss with respect to

VoiceStream common shares held for more than 12 months at the completion of the Deutsche Telekom/VoiceStream merger.

Merger consideration received by a U.S. holder in exchange for the 0.75% stock dividend permitted by the Deutsche Telekom/VoiceStream merger agreement likely would be treated the same as other merger consideration, and Deutsche Telekom and VoiceStream intend to treat it the same as other merger consideration for U.S. federal income tax purposes. It is possible, however, that merger consideration received by a U.S. holder in exchange for the stock dividend could instead be treated as ordinary dividend income that is separately received by the U.S. holder from Deutsche Telekom. In such case, the amount of the dividend generally would be equal to the amount of cash plus the fair market value of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received in exchange for the VoiceStream 0.75% stock dividend, determined at completion of the Deutsche Telekom/VoiceStream merger. Further, the U.S. holder's tax basis in such Deutsche Telekom ADSs or Deutsche Telekom ordinary shares would be equal to such fair market value and his holding period generally would begin on the date following the date of completion of the Deutsche Telekom/VoiceStream merger. In the event that merger consideration received by a U.S. holder in exchange for the stock dividend were treated as separately received by the U.S. holder, that treatment would not affect the status of the merger as a reorganization within the meaning of Section 368(a) of the U.S. tax code.

A U.S. holder who is a "five-percent transferee shareholder" of Deutsche Telekom immediately after the Deutsche Telekom/VoiceStream merger, as defined in Treasury regulations promulgated under Section 367(a) of the U.S. tax code, will qualify for non-recognition treatment as described in this proxy statement/prospectus only if the U.S. holder files with the IRS a "gain recognition agreement," as defined in such Treasury regulations. Any U.S. holder of VoiceStream common shares who may be a five-percent transferee shareholder is urged to consult his tax advisor concerning the decision to file a gain recognition agreement and the procedures to be followed in connection with that filing.

U.S. Holders Whose Merger Consideration Consists Solely of Cash

A U.S. holder of VoiceStream common shares that receives only cash in the Deutsche Telekom/VoiceStream merger will generally recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash received and the U.S. holder's tax basis in the VoiceStream common shares surrendered in the Deutsche Telekom/VoiceStream merger. Such recognized gain or loss generally will be capital gain or loss, and generally will be long term with respect to VoiceStream common shares held by the U.S. holder for more than 12 months at the completion of the Deutsche Telekom/VoiceStream merger. In some cases, if the shareholder actually or constructively owns Deutsche Telekom ADSs or Deutsche Telekom ordinary shares, the recognized gain could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the U.S. tax code, in which case such gain would be treated as ordinary dividend income. In addition, it is possible that cash received by a U.S. holder in exchange for the 0.75% stock dividend permitted under the Deutsche Telekom/VoiceStream merger agreement could be treated as ordinary dividend income that is separately received by the U.S. holder from Deutsche Telekom.

U.S. Holders Who Are Dissenting Shareholders

Subject to the discussion below, a U.S. holder who exercises his right to dissent from the Deutsche Telekom/VoiceStream merger will recognize gain or loss on the exchange of his VoiceStream common shares for cash in an amount equal to the difference between:

- the cash received, other than amounts, if any, which are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income; and
- his tax basis in his VoiceStream common shares.

Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss with respect to VoiceStream shares held for more than 12 months at the completion of the Deutsche Telekom/VoiceStream merger. A dissenting shareholder may be required to recognize any gain or loss in the year the Deutsche Telekom/VoiceStream merger closes, irrespective of whether the dissenting shareholder actually receives payment for his or her shares in that year. In some instances, cash received by a dissenting VoiceStream shareholder could be taxed as ordinary dividend income if the shareholder actually or constructively owns Deutsche Telekom ADSs or Deutsche Telekom ordinary shares under the tests set forth in Section 302 of the U.S. tax code after the Deutsche Telekom/VoiceStream merger.

U.S. Holders of Employee Stock Options

The exchange pursuant to the Deutsche Telekom/VoiceStream merger by a U.S. holder of an employee stock option to acquire VoiceStream common shares for an option to acquire Deutsche Telekom ADSs or Deutsche Telekom ordinary shares will not be taxable for U.S. federal income tax purposes. A U.S. holder of an option to acquire a Deutsche Telekom ADS or Deutsche Telekom ordinary share who received that option in exchange for an option to acquire VoiceStream common shares that was received as compensation, and who exercises that Deutsche Telekom option, generally will recognize ordinary income for U.S. federal income tax purposes in an amount equal to the excess of the fair market value on the exercise date of the Deutsche Telekom ADS or Deutsche Telekom ordinary share received pursuant to the exercise over the price paid for the Deutsche Telekom ADS or Deutsche Telekom ordinary share pursuant to the option, and generally will be subject to applicable withholding taxes. A U.S. holder's tax basis in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received as a result of the exercise of the option will equal the fair market value of the Deutsche Telekom ADS or Deutsche Telekom ordinary share on the exercise date and a U.S. holder's holding period will begin on the exercise date. Thereafter, the U.S. holder will be subject to the rules discussed below with respect to U.S. holders of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares.

The foregoing discussion does not address the U.S. federal income tax consequences of the exercise of any option that is treated as an incentive stock option within the meaning of Section 422(b) of the U.S. tax code. Any U.S. holder of an option that is treated as an incentive stock option is urged to consult his own tax advisor concerning the consequences to him of the Deutsche Telekom/VoiceStream merger and exercise of the option.

U.S. Backup Withholding

Under the U.S. tax code, a U.S. holder of VoiceStream common shares may be subject, under certain circumstances, to backup withholding at a rate of 31% with respect to the amount of cash, if any, received in the Deutsche Telekom/VoiceStream merger, including cash received in lieu of fractional shares or upon exercise of dissenters' rights, unless the U.S. holder provides proof of an applicable exemption or correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules is not additional tax and may be refunded or credited against the U.S. holder's federal income tax liability, so long as the required information is furnished to the IRS.

U.S. Federal Income Tax Consequences of the Deutsche Telekom/Powertel Merger to U.S. Holders of Powertel Common Shares

Subject to the limitations and qualifications set forth under "— General" and in this section, the discussion in this section represents the opinion of Morris, Manning & Martin, LLP, counsel to Powertel, and Cleary, Gottlieb, Steen & Hamilton, counsel to Deutsche Telekom, as to the material U.S. federal income tax consequences of the Deutsche Telekom/Powertel merger to U.S. holders of Powertel common shares. Each counsel has delivered this opinion, dated the effective date of this proxy statement/prospectus, to Powertel or Deutsche Telekom, as applicable.

Tax Opinion Condition to Closing

The obligation of Powertel to complete the Deutsche Telekom/Powertel merger is conditioned on the receipt of an additional opinion from Morris, Manning & Martin, LLP, counsel to Powertel, and the obligation of Deutsche Telekom to complete the Deutsche Telekom/Powertel merger is conditioned on the receipt of an additional opinion from Cleary, Gottlieb, Steen & Hamilton, counsel to Deutsche Telekom, each opinion, dated as of completion of the Deutsche Telekom/Powertel merger, substantially to the effect that the Deutsche Telekom/Powertel merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code and that each transfer of property to Deutsche Telekom by a shareholder of Powertel pursuant to the Deutsche Telekom/Powertel merger will not be subject to Section 367(a)(1) of the U.S. tax code. Counsels' tax opinions will be based upon assumptions noted in the opinions, including an assumption that any "five-percent transferee shareholder" of Deutsche Telekom, as defined in Treasury regulations promulgated under Section 367(a) of the U.S. tax code, will file a "gain recognition agreement" as defined in such regulations, and on factual representations of Powertel and Deutsche Telekom contained in certificates signed by officers of Powertel and Deutsche Telekom to be delivered at the time of the Deutsche Telekom/Powertel merger. Powertel does not intend to waive the receipt of its counsel's opinion as a condition to its obligation to complete the Deutsche Telekom/Powertel merger, and will not waive the receipt of an opinion as a condition to its obligation to complete the merger without recirculating this document in order to resolicit stockholder approval. Counsels' opinions will not be binding on the IRS or any court.

Both counsels presently intend to deliver to Powertel or Deutsche Telekom, as applicable, at the completion of the merger an opinion that satisfies the requirements set forth in the prior paragraph, and it is assumed for purposes of the remainder of the discussion in this section that each counsel will deliver such an opinion.

U.S. Holders of Powertel Common Shares

For U.S. federal income tax purposes, the Deutsche Telekom/Powertel merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code and each transfer of property to Deutsche Telekom by a shareholder of Powertel pursuant to the Deutsche Telekom/Powertel merger will not be subject to Section 367(a)(1) of the U.S. tax code. Accordingly, with the possible exception of merger consideration that is received in exchange for the 0.75% stock dividend permitted by the Deutsche Telekom/Powertel merger agreement as described under "Summary of the Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The Deutsche Telekom/Powertel Merger Agreement — Adjustment in Connection with Permitted Dividends," a U.S. holder of Powertel common shares generally will not recognize any gain or loss upon his receipt of merger consideration in the Deutsche Telekom/Powertel merger, except with respect to cash received in lieu of fractional shares, as discussed further below.

The aggregate tax basis of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received by a U.S. holder in the Deutsche Telekom/Powertel merger, including any fractional interest to which the U.S. holder would be entitled but for the special treatment of fractional interests described below, generally will equal the aggregate tax basis of the Powertel common shares exchanged for the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares. The holding period of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received will include the holding period of the Powertel common shares exchanged therefor.

Fractional interests in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares will not be issued to Powertel shareholders in the Deutsche Telekom/Powertel merger. Instead, any fractional interests in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares that a U.S. holder of Powertel common shares otherwise would have been entitled to receive will be sold and the proceeds will be paid to those shareholders. A U.S. holder who receives cash in respect of a fractional interest in a Deutsche Telekom ADS or Deutsche Telekom ordinary share will recognize gain or loss equal to the difference between the cash received for the fractional share and the U.S. holder's tax basis in the Powertel common

shares exchanged which is allocable to the fractional interest. Any such gain or loss generally will be capital gain or loss, and generally will be long-term capital gain or loss with respect to Powertel common shares held for more than 12 months at the completion of the Deutsche Telekom/Powertel merger.

Merger consideration received by a U.S. holder in exchange for the 0.75% stock dividend permitted by the Deutsche Telekom/Powertel merger agreement likely would be treated the same as other merger consideration, and Deutsche Telekom and Powertel intend to treat it the same as other merger consideration for U.S. federal income tax purposes. It is possible, however, that merger consideration received by a U.S. holder in exchange for the stock dividend could instead be treated as ordinary dividend income that is separately received by the U.S. holder from Deutsche Telekom. In such case, the amount of the dividend generally would be equal to the fair market value of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received in exchange for the stock dividends determined at completion of the Deutsche Telekom/Powertel merger. Further, the U.S. holder's tax basis in such Deutsche Telekom ADSs or Deutsche Telekom ordinary shares would be equal to such fair market value and his holding period generally would begin on the date following the date of completion of the Deutsche Telekom/Powertel merger. In the event that merger consideration received by a U.S. holder in exchange for the stock dividend were treated as separately received by the U.S. holder, that treatment would not affect the status of the merger as a reorganization within the meaning of Section 368(a) of the U.S. tax code.

A U.S. holder who is a "five-percent transferee shareholder" of Deutsche Telekom after the Deutsche Telekom/Powertel merger, as defined in Treasury regulations promulgated under Section 367(a) of the U.S. tax code, will qualify for non-recognition treatment as described in this proxy statement/prospectus only if the shareholder files with the IRS a "gain recognition agreement", as defined in such Treasury regulations. Although no such persons are expected to exist solely as a result of the Deutsche Telekom/Powertel merger, any U.S. holder of Powertel shares who is concerned that he may be a five-percent transferee shareholder is urged to consult his tax advisor concerning the decision to file a gain recognition agreement and the procedures to be followed in connection with that filing.

U.S. Holders of Employee Stock Options

The exchange pursuant to the Deutsche Telekom/Powertel merger by a U.S. holder of an employee stock option to acquire Powertel common shares for an option to acquire Deutsche Telekom ADSs or Deutsche Telekom ordinary shares will not be taxable for U.S. federal income tax purposes. A U.S. holder of an option to acquire a Deutsche Telekom ADS or Deutsche Telekom ordinary share who received that option in exchange for an option to acquire Powertel common shares that was received as compensation, and who exercises that Deutsche Telekom option, generally will recognize ordinary income for U.S. federal income tax purposes in an amount equal to the excess of the fair market value on the exercise date of the Deutsche Telekom ADS or Deutsche Telekom ordinary share received pursuant to the exercise over the price paid for the Deutsche Telekom ADS or Deutsche Telekom ordinary share pursuant to the option, and generally will be subject to applicable withholding taxes. A U.S. holder's tax basis in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received as a result of the exercise of the option will equal the fair market value of the shares on the exercise date and a U.S. holder's holding period will begin on the exercise date. Thereafter, the U.S. holder will be subject to the rules discussed below with respect to U.S. holders of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares.

The foregoing discussion does not address the U.S. federal income tax consequences of the exercise of any option that is treated as an incentive stock option within the meaning of Section 422(b) of the U.S. tax code. Any U.S. holder of an option that is treated as an incentive stock option is urged to consult his own tax advisor concerning the consequences to him of the Deutsche Telekom/Powertel merger and exercise of the option.

U.S. Backup Withholding

Under the U.S. tax code, a U.S. holder of Powertel shares may be subject, under certain circumstances, to backup withholding at a rate of 31% with respect to the amount of cash, if any, received

in the Deutsche Telekom/Powertel merger, including cash received in lieu of fractional shares, unless the U.S. holder provides proof of an applicable exemption or correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules is not additional tax and may be refunded or credited against the U.S. holder's federal income tax liability, so long as the required information is furnished to the IRS.

U.S. Federal Income Tax Consequences of the Deutsche Telekom/Powertel Merger to U.S. Holders of Powertel Preferred Shares

Subject to the limitations and qualifications set forth under “— General” and this section, the discussion in this section represents the opinion of Morris, Manning & Martin, LLP, counsel to Powertel, as to the material U.S. Federal income tax consequences of the Deutsche Telekom/Powertel merger to U.S. holders of Powertel preferred shares. Counsel has delivered this opinion, dated the effective date of this proxy statement/prospectus, to Powertel. Furthermore, it is assumed for purposes of the remainder of the discussion in this section that counsel to Powertel will deliver an additional opinion dated as of the completion of the Deutsche Telekom/Powertel merger that satisfies the requirements set forth under “— U.S. Federal Income Tax Consequences of the Deutsche Telekom/Powertel Merger to U.S. Holders of Powertel Common Shares — Tax Opinion Condition to Closing.”

Generally, the tax treatment for a U.S. holder of Powertel preferred shares will be the same as described above for U.S. holders of Powertel common shares. Pursuant to Section 1.05(b)(iv)(B) of the Deutsche Telekom/Powertel merger agreement, however, the holders of Powertel Series E preferred shares and Powertel Series F preferred shares are entitled to additional Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in satisfaction of any accrued or declared but unpaid dividends on the Powertel Series E preferred shares or Powertel Series F preferred shares on the date of the completion of the Deutsche Telekom/Powertel merger. To the extent any accrued dividends on a Powertel stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares have been declared (as distinguished from dividends which have accrued but are undeclared) and remain unpaid upon the completion of the Deutsche Telekom/Powertel merger, the receipt by that Powertel stockholder of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in satisfaction of those declared but unpaid dividends on its Powertel Series E preferred shares or Powertel Series F preferred shares will be treated as a distribution with respect to that Powertel stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares and will be either taxable to that stockholder, a return of capital to that stockholder, or a combination of both, under Section 301 of the U.S. tax code and the regulations and other authorities promulgated thereunder.

The basis of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received by a holder of Powertel Series E preferred shares or Powertel Series F preferred shares in satisfaction of any declared but unpaid dividends on that stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares will equal the fair market value of such Deutsche Telekom ADSs or Deutsche Telekom ordinary shares on the date of the completion of the Deutsche Telekom/Powertel merger. Further, the basis of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received by a holder of Powertel Series E preferred shares or Powertel Series F preferred shares in exchange for its Powertel preferred shares, and not in satisfaction of any declared but unpaid dividends, will equal the aggregate tax basis of the shares exchanged for the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares, subject to a downward adjustment to the extent that any Deutsche Telekom ADSs or Deutsche Telekom ordinary shares which represent declared but unpaid dividends on a stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares are treated as a return of capital on that stockholder's preferred shares for tax purposes.

The holding period for determining long-term capital gains treatment for any Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received by a holder of Powertel Series E preferred shares or Powertel Series F preferred shares in satisfaction of any declared but unpaid dividends with respect to those shares will commence on the day following the completion of the Deutsche Telekom/Powertel merger.

Each holder of Powertel preferred shares should consult its tax advisor in connection with the tax implications of any Deutsche Telekom ADSs or Deutsche Telekom ordinary shares received in satisfaction of any declared but unpaid dividends with respect to the stockholder's preferred shares.

U.S. Federal Income Tax Consequences of the VoiceStream/Powertel Merger to U.S. Holders of Powertel Common Shares

Subject to the limitations and qualifications set forth under “— General” and in this section, the discussion in this section represents the opinion of Morris, Manning & Martin, LLP, counsel to Powertel, Jones, Day, Reavis & Pogue, tax counsel to VoiceStream, and Preston Gates & Ellis LLP, counsel to VoiceStream, as to the material U.S. federal income tax consequences of the VoiceStream/Powertel merger to U.S. holders of Powertel common shares. Each counsel has delivered this opinion, dated the effective date of this proxy statement/prospectus, to Powertel or to VoiceStream, as applicable.

Tax Opinion Condition to Closing

The obligation of Powertel to complete the VoiceStream/Powertel merger is conditioned on the receipt of an additional opinion from Morris, Manning & Martin, LLP, counsel to Powertel, and the obligation of VoiceStream to complete the VoiceStream/Powertel merger is conditioned on the receipt of an additional opinion from Preston Gates & Ellis LLP, counsel to VoiceStream, and/or Jones, Day Reavis & Pogue, tax counsel to VoiceStream, each opinion dated as of the completion of the VoiceStream/Powertel merger, substantially to the effect that the VoiceStream/Powertel merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code. Counsels' tax opinions will be based upon assumptions noted in the opinions and on factual representations of Powertel and VoiceStream contained in certificates signed by officers of Powertel and VoiceStream to be delivered at the time of the VoiceStream/Powertel merger. Powertel does not intend to waive the receipt of its counsel's opinion as a condition to its obligation to complete the VoiceStream/Powertel merger, and will not waive the receipt of an opinion as a condition to its obligations to complete the merger without recirculating this document in order to resolicit stockholder approval of the waiver. Counsels' opinions will not be binding on the IRS or any court.

Each counsel presently intends to deliver to Powertel or VoiceStream, as applicable, at the completion of the merger an opinion that satisfies the requirements set forth in the prior paragraph, and it is assumed for purposes of the remainder of the discussion in this section that each counsel will deliver such an opinion.

U.S. Holders of Powertel Common Shares

For U.S. federal income tax purposes, the VoiceStream/Powertel merger will qualify as a reorganization within the meaning of Section 368(a) of the U.S. tax code. Accordingly, a U.S. holder of Powertel common shares generally will not recognize any gain or loss upon his receipt of merger consideration in the VoiceStream/Powertel merger, except with respect to cash received in lieu of fractional shares, as discussed further below.

The aggregate tax basis of the VoiceStream common shares received by a U.S. holder in the VoiceStream/Powertel merger, including any fractional interests to which the U.S. holder would be entitled but for the special treatment of fractional interests discussed below, generally will equal the aggregate tax basis of the Powertel common shares exchanged therefor. The holding period of the VoiceStream common shares received will include the holding period of the Powertel common shares exchanged therefor.

Fractional interests in VoiceStream common shares will not be issued to Powertel shareholders in the VoiceStream/Powertel merger. Instead, cash will be paid in lieu of any fractional interests in VoiceStream common shares that a U.S. holder of Powertel common shares otherwise would have been entitled to receive. A U.S. holder who receives cash in lieu of a fractional share of VoiceStream common share will recognize gain or loss equal to the difference between the cash received for the fractional share and the

U.S. holder's tax basis in the Powertel common shares exchanged which is allocable to the fractional interest. Any such gain or loss generally will be capital gain or loss, and generally will be long-term capital gain or loss with respect to Powertel common shares held for more than 12 months at the completion of the VoiceStream/Powertel merger.

U.S. Holders of Employee Stock Options

The exchange pursuant to the VoiceStream/Powertel merger by a U.S. holder of an employee stock option to acquire Powertel common shares for an option to acquire VoiceStream common shares will not be taxable for U.S. federal income tax purposes. A U.S. holder of an option to acquire VoiceStream common shares who received that option in exchange for an option to acquire Powertel common shares that was received as compensation, and who exercises that VoiceStream option, generally will recognize ordinary income for U.S. federal income tax purposes in an amount equal to the excess of the fair market value on the exercise date of the VoiceStream common shares received pursuant to the exercise over the price paid for the VoiceStream common shares pursuant to the option, and generally will be subject to applicable withholding taxes. A U.S. holder's tax basis in VoiceStream common shares received as a result of the exercise of the option will equal the fair market value of the shares on the exercise date and a U.S. holder's holding period will begin on the exercise date.

The foregoing discussion does not address the U.S. federal income tax consequences of the exercise of any option that is treated as an incentive stock option within the meaning of Section 422(b) of the U.S. tax code. Any U.S. holder of an option that is treated as an incentive stock option is urged to consult his own tax advisor concerning the consequences to him of the VoiceStream/Powertel merger and exercise of the option.

U.S. Backup Withholding

Under the U.S. tax code, a U.S. holder of Powertel common shares may be subject, under certain circumstances, to backup withholding at a rate of 31% with respect to the amount of cash, if any, received in the VoiceStream/Powertel merger, including cash received in lieu of fractional shares, unless the U.S. holder provides proof of an applicable exemption or correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules is not additional tax and may be refunded or credited against the U.S. holder's federal income tax liability, so long as the required information is furnished to the IRS.

U.S. Federal Income Tax Consequences of the VoiceStream/Powertel Merger to U.S. Holders of Powertel Preferred Shares

Subject to the limitations and qualifications set forth under the heading “— General” and this section, the discussion in this section represents the opinion of Morris, Manning & Martin, LLP, counsel to Powertel, as to the material U.S. Federal income tax consequences of the VoiceStream/Powertel merger to U.S. holders of Powertel preferred shares. Counsel has delivered this opinion, dated the effective date of this proxy statement/prospectus to Powertel. Furthermore, it is assumed for purposes of the remainder of the discussion in this section that counsel to Powertel will deliver an additional opinion dated as of completion of the VoiceStream/Powertel merger that satisfies the requirements set forth under “— U.S. Federal Income Tax Consequences of the VoiceStream/Powertel Merger to U.S. Holders of Powertel Common Shares — Tax Opinion Condition to Closing.”

Generally, the tax treatment for a U.S. holder of Powertel preferred shares will be the same as described above for U.S. holders of Powertel common shares. Pursuant to Section 1.06(c)(ii)(B)(2) of the VoiceStream/Powertel merger agreement, however, the holders of Powertel Series E preferred shares and Powertel Series F preferred shares are entitled to additional VoiceStream common shares in satisfaction of any accrued or declared but unpaid dividends on the Powertel Series E preferred shares or Powertel Series F preferred shares on the date of the completion of the VoiceStream/Powertel merger. To the extent any accrued dividends on a Powertel stockholder's Powertel Series E preferred shares or

Powertel Series F preferred shares have been declared (as distinguished from dividends which have accrued but are undeclared) and remain unpaid upon the completion of the VoiceStream/Powertel merger, the receipt by that Powertel stockholder of VoiceStream common shares in satisfaction of those declared but unpaid dividends on its Powertel Series E preferred shares or Powertel Series F preferred shares will be treated as a distribution with respect to that Powertel stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares and will be either taxable to that stockholder, a return of capital to that stockholder, or a combination of both, under Section 301 of the U.S. tax code and the regulations and other authorities promulgated thereunder.

The basis of the VoiceStream common shares received by a holder of Powertel Series E preferred shares or Powertel Series F preferred shares in satisfaction of any declared but unpaid dividends on that stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares will equal the fair market value of such VoiceStream common shares on the date of the completion of the VoiceStream/Powertel merger. Further, the basis of the VoiceStream common shares received by a holder of Powertel Series E preferred shares or Powertel Series F preferred shares in exchange for its Powertel shares, and not in satisfaction of any declared but unpaid dividends, will equal the aggregate tax basis of the shares exchanged for the VoiceStream common shares, subject to a downward adjustment to the extent that any VoiceStream common shares which represent declared but unpaid dividends on a stockholder's Powertel Series E preferred shares or Powertel Series F preferred shares are treated as a return of capital on that stockholder's preferred shares for tax purposes.

The holding period for any VoiceStream common shares received by a holder of Powertel Series E preferred shares or Powertel Series F preferred shares in satisfaction of any declared but unpaid dividends with respect to those shares will commence on the day following the completion of the VoiceStream/Powertel merger.

Each holder of Powertel preferred shares should consult its tax advisor in connection with the tax implications of any VoiceStream common shares received in satisfaction of any declared but unpaid dividends with respect to the stockholder's preferred shares.

U.S. Federal Income Tax and German Tax Considerations for U.S. Resident Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares

The following is a summary of the material U.S. federal income tax and German tax considerations related to the acquisition, ownership and disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares by a holder that is a resident of the United States for purposes of the income tax convention between the United States and Germany, which in this document we refer to as the "Income Tax Treaty", and is fully eligible for benefits under the Income Tax Treaty. We refer in this document to such holder as a "U.S. resident holder". The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, including tax considerations, that arise from rules of general application or that are generally assumed to be known by investors. In particular, the summary does not deal with U.S. resident holders that do not hold Deutsche Telekom ADSs or Deutsche Telekom ordinary shares as capital assets. The summary does not address the tax treatment of holders that are subject to special rules, such as banks, insurance companies, dealers in securities or currencies, persons holding property as part of an integrated investment, including a "straddle", that includes one or more other positions, persons that own, directly or indirectly, 10% or more of Deutsche Telekom's voting shares and holders whose "functional currency" is not the U.S. dollar. The summary is based on laws, treaties and regulatory interpretations in effect on the date hereof, all of which are subject to change.

Holders should consult their own advisors regarding the tax consequences of the acquisition, ownership and disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in light of their particular circumstances, including the effect of any state, local, or other national laws.

The beneficial owner of a Deutsche Telekom ADS or Deutsche Telekom ordinary share generally will be entitled to Income Tax Treaty benefits, and therefore will be a U.S. resident holder, if it is the following:

- an individual resident of the United States, a U.S. corporation, or a partnership, estate or trust to the extent its income from whatever source derived is subject to taxation in the United States in its hands or in the hands of its partners or beneficiaries;
- not also a resident of Germany for German tax purposes; and
- not subject to an anti-treaty shopping article that applies in limited circumstances.

The Income Tax Treaty benefits discussed below generally are not available to U.S. taxpayers that hold Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in connection with the conduct of business through a permanent establishment, or the performance of personal services through a fixed base, in Germany. This summary does not discuss the treatment of such holders.

In general, for U.S. federal income tax purposes and for purposes of the Income Tax Treaty, beneficial owners of Deutsche Telekom ADSs will be treated as the beneficial owners of the Deutsche Telekom ordinary shares represented by those Deutsche Telekom ADSs.

Dividends

As described more fully below, dividends paid by German corporations generally are subject to German withholding tax at an aggregate rate of 21.1%, consisting of a 20% withholding tax and a 1.1% surcharge. Distributions of dividends in 2001 out of earnings that accrued prior to the end of the year 2000 will be subject to a withholding tax at a rate of 25% plus a 5.5% solidarity surcharge thereon.

Under the Income Tax Treaty, the German withholding tax rate is reduced to 15% of the declared dividend. During the period in which the existing corporate tax imputation system continues to apply to individuals under German law, U.S. resident holders are entitled to claim an additional reduction in German withholding tax equal to 5% of the gross dividend. Accordingly, a U.S. resident holder would be entitled to receive a refund payment from the German tax authorities equal to 16.375% of the declared dividend. The Income Tax Treaty provides that 11.375% of the declared dividend will be treated for U.S. tax purposes as a reduction in German withholding tax to the generally applicable Income Tax Treaty rate of 15%, and the remaining 5% of the declared dividend will be treated as the net amount of an additional dividend of 5.88% of the declared dividend that has been subject to a 15% German withholding tax.

As discussed under “— German Tax Considerations for Non-German Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares — Taxation of Dividends,” pursuant to the Tax Reduction Act adopted by the German Parliament on July 14, 2000, the German corporate tax imputation system will be abolished. Under the Income Tax Treaty, a U.S. resident holder will still be entitled to a reduction in the German withholding tax rate to 15%. For a declared dividend of 100, a U.S. resident holder would initially receive 78.9 and could claim a refund from the German tax authorities of 6.1 and would therefore receive a total cash payment of 85. For U.S. federal income tax purposes, a U.S. resident holder would be deemed to have received gross dividends of 100.

As discussed under “— German Tax Considerations for Non-German Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares — Taxation of Dividends,” the Tax Reduction Act has, in principle, entered into force on January 1, 2001. However, transition rules exist under which certain changes will only become effective in 2002. Dividends paid in 2001 out of earnings that accrued prior to the end of the year 2000 will still be subject to the corporate tax imputation system.

The gross amount of dividends received by a U.S. resident holder, including the additional dividend associated with the Income Tax Treaty refund and amounts withheld in respect of German withholding tax, generally will be subject to U.S. federal income taxation as foreign source dividend income, and will not be eligible for the dividends received deduction generally allowed to U.S. corporations. German withholding tax at the 15% rate provided under the Income Tax Treaty will be treated as a foreign income

tax that, subject to generally applicable limitations under U.S. tax law, is eligible for credit against a U.S. resident holder's U.S. federal income tax liability or, at the holder's election, may be deducted in computing taxable income. Thus, for a declared dividend of 100, under the current German corporate tax imputation system, a U.S. resident holder would be deemed to have paid German taxes of 15.88, but under the Tax Reduction Act, a U.S. resident holder would be deemed to have paid German taxes of 15. For foreign tax credit purposes, dividends paid by Deutsche Telekom will be foreign source "passive income" or, in the case of certain U.S. resident holders, "financial services income". Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares or in respect of arrangements in which a U.S. resident holder's expected economic profit, after non-U.S. taxes, is insubstantial. U.S. resident holders should consult their own tax advisors concerning the implications of these rules in light of their particular circumstances.

Dividends paid in non-U.S. currency will be included in the income of a U.S. resident holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt by the holder or, in the case of Deutsche Telekom ADSs, by the depositary bank for the ADSs, regardless of whether the payment is in fact converted into U.S. dollars. In this document we refer to the depositary bank as the "Depositary". If dividends paid in foreign currency are converted into U.S. dollars on the date of receipt, U.S. resident holders generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. resident holder may be required to recognize domestic-source foreign currency gain or loss on the receipt of a refund in respect of German withholding tax to the extent the U.S. dollar value of the refund differs from the U.S. dollar equivalent of that amount on the date of receipt of the underlying dividend, but not with respect to the portion of the Income Tax Treaty refund that is treated as an additional dividend.

Refund Procedures

Pursuant to administrative procedures introduced on a trial basis, claims for refunds payable under the Income Tax Treaty to U.S. resident holders must be submitted to the German tax authorities by the Depositary collectively on behalf of all such U.S. resident holders. However, this procedure is not available for U.S. resident holders entitled to refunds in excess of DM 300 for the calendar year; such holders must file separate claims. Claims must be filed within four years of the end of the calendar year in which the dividend was received.

Details of the collective refund procedure are available from the Depositary. Individual claims for refunds are made on a special German form, which must be filed with the German tax authorities: Bundesamt für Finanzen, Friedhofstrasse 1, 53221 Bonn, Germany. Copies of the required form may be obtained from the German tax authorities at the same address or from the Embassy of the Federal Republic of Germany, 4645 Reservoir Road, N.W., Washington, D.C. 20007-1998.

As part of the individual refund claim, a U.S. resident holder must submit to the German tax authorities the original bank voucher, or the certified copy thereof, issued by the paying entity documenting the tax withheld, and an official certification on IRS Form 6166 of its last filed U.S. federal income tax return. IRS Form 6166 may be obtained by filing a request with the Internal Revenue Service Center in Philadelphia, Pennsylvania, Foreign Certificate Request, P.O. Box 16347, Philadelphia, PA 19114-0447. Requests for certification must include the holder's name, Social Security number or Employer Identification number, tax return form number, and tax period for which the certification is requested. Requests for certification can include a request to the IRS to send the certification directly to the German tax authorities. If no such request is made, the IRS will send a certificate on IRS Form 6166 to the U.S. resident holder, which then must submit the certification with its claim for refund.

Refunds under the Income Tax Treaty are not available in respect of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares held in connection with a permanent establishment or fixed base in Germany.

Capital Gains

Under the Income Tax Treaty, a U.S. resident holder will not be subject to German capital gains tax in respect of a sale or other disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares unless the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares were held in connection with a permanent establishment or fixed base in Germany.

Gain or loss realized by a U.S. resident holder on the sale or disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares will be capital gain or loss, and will be long-term gain or loss if the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares were held for more than one year. The net amount of long-term capital gain realized by an individual holder generally is subject to taxation at a present maximum rate of 20%. A U.S. resident holder's ability to offset capital losses against ordinary income is subject to limitations. Deposits and withdrawals of shares in exchange for Deutsche Telekom ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Inheritance and Gift Tax

Under the current estate, inheritance and gift tax treaty between the United States and Germany, which in this document we refer to as the "Estate Tax Treaty", a transfer of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares by gift or by reason of the death of a U.S. resident holder generally will not be subject to German gift or inheritance tax unless the donor or transferor, or the heir, donee or other beneficiary, is domiciled in Germany for purposes of the Estate Tax Treaty at the time gift was made, or at the time of the donor's or transferors' death, or the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares were held in connection with a permanent establishment or fixed base in Germany.

The Estate Tax Treaty provides a credit against U.S. federal estate and gift tax liability for the amount of inheritance and gift tax paid in Germany, subject to certain limitations, in a case where Deutsche Telekom ADSs or Deutsche Telekom ordinary shares are subject to German inheritance or gift tax and U.S. federal estate or gift tax.

Information Reporting and Backup Withholding

Dividends on Deutsche Telekom ADSs or Deutsche Telekom ordinary shares, and payments of the proceeds of a sale of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares paid within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to U.S. backup withholding at a 31% rate unless the holder:

- is a corporation or other exempt recipient; or
- provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Holders that are not United States persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification to establish its non-U.S. status in connection with payments received within the United States or through certain U.S.-related financial intermediaries.

German Tax Considerations for Non-German Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares

The following is a brief summary of material German tax considerations for beneficial owners of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares that are not German residents for German income tax purposes and do not hold Deutsche Telekom ADSs or Deutsche Telekom ordinary shares as part of a permanent establishment or a fixed base in Germany, which in this document we refer to as "Non-German Holders". This summary is based upon German law and typical tax and other treaties between Germany and other countries in effect as of the date hereof and is subject to changes in German law or in such treaties. The following is not meant to be a comprehensive discussion of all of the German

tax consequences which may be relevant for Non-German Holders. Prospective holders of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares should consult their tax advisors regarding the German federal, state and local tax consequences of the acquisition, ownership and disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in light of their particular circumstances.

The following discussion does not purport to be a comprehensive discussion of all German tax consequences which may be relevant for Non-German Holders.

Company Taxation in Germany

In general, German corporations are subject to corporate income tax at a rate of 40% on non-distributed profits and of 30% on distributed profits. Since January 1, 1998, the corporate income tax liability has been subject to a 5.5% solidarity surcharge (*Solidarit tszuschlag*). This currently results in an effective aggregate corporate income tax charge of 31.94% on distributed profits. German resident taxpayers, including foreign investors that hold shares or ADSs as part of a permanent establishment or a fixed base in Germany, are entitled to a refundable tax credit in the amount of three-sevenths of the gross amount before dividend withholding tax of profits distributed, which credit also reduces the basis for the 5.5% surcharge on the German taxpayer's income tax liability. That credit or refund is not available to Non-German Holders.

In addition, German corporations are subject to a profit-related trade tax, the exact amount of which depends on the municipality in which the corporation maintains its business establishments. Trade tax is a deductible item in computing the corporation's tax base for the corporate income tax purposes.

Taxation of Dividends

A 20% withholding tax, plus a solidarity surcharge of 5.5 percent thereon resulting in a withholding tax burden of 21.1, is imposed on gross dividend distributions by a German corporation. With respect to a Non-German Holder, this rate may be reduced by a tax treaty applicable to such Non-German Holder. Under most tax treaties the withholding tax rate is reduced to 15%. The reduction is granted by way of a refund of the difference between the tax withheld at the statutory rate of 25% plus the surcharge and the applicable treaty rate upon application to the German tax authorities (Bundesamt f r Finanzen), located at Friedhofstrasse 1, 53225 Bonn, Germany. For Non-German Holders of ADSs entitled to the benefits of the Income Tax Treaty a special refund procedure may apply, as described under "— U.S. Federal Income Tax and German Tax Considerations for U.S. Resident Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares."

Under the Income Tax Treaty, during the period in which the corporate tax imputation system continues to apply to individuals under German law, qualifying U.S. shareholders are entitled to an additional reduction in German tax equal to 5% of the gross amount of the dividend, which is refundable together with the general treaty refund discussed in the preceding paragraph. Special U.S. tax rules applicable to this additional refund are discussed under "— U.S. Federal Income Tax and German Tax Considerations for U.S. Resident Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares — Refund Procedures."

Changes in the German Taxation System

On July 14, 2000, the German parliament adopted a Tax Reduction Act (*Steuersenkungsgesetz*) which, in principle, has entered into force on January 1, 2001. However, transition rules exist under which certain changes will only become effective in 2002. Pursuant to the Tax Reduction Act, the corporate tax imputation system will be abolished and the withholding tax and corporate income tax rates have been reduced effective January 1, 2001. Corporate profits will be subject to tax separately at corporate and shareholder levels. The corporate income tax rate will be 25%, plus solidarity surcharge of 1.375%, on distributed and retained earnings. Dividends received by Non-German Holders will be subject to withholding tax at a rate of 20%, plus a 5.5% solidarity surcharge resulting in an effective rate of 21.1%. Distributions of dividends in 2001 out of earnings that accrued prior to the end of the year 2000 will be

subject to a withholding tax at a rate of 25% plus a 5.5% solidarity surcharge thereon. The withholding tax rate for Non-German Holders may be lower under the provisions of an applicable double tax treaty. The abolishment of the corporate income tax imputation system will result in U.S. resident holders being subject to a maximum dividend withholding rate of 15% under the Income Tax Treaty, without further reduction. Dividends paid in 2001 out of earnings that accrued prior to the end of the year 2000 will still be subject to the imputation system.

Capital Gains

Under German domestic tax law, gain which Non-German Holders derive from the sale or other disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares is not subject to tax in Germany, provided the Non-German Holder has not held, directly or indirectly, 10% or more of the shares at any time during the five-year period immediately preceding the disposition. Effective January 1, 2002, this participation threshold will be reduced to 1% pursuant to the Tax Reduction Act mentioned above. Most tax treaties concluded by Germany with other countries, including the Income Tax Treaty, provide that Non-German Holders resident in the respective treaty state are not subject to German income tax on such capital gains.

Inheritance and Gift Tax

Under German law, German gift or inheritance tax will be imposed on transfers of shares or ADSs by gift or at death of a Non-German Holder only if:

- the donor or transferor, or the heir, donee or other beneficiary, was domiciled in Germany at the time of the transfer or, with respect to German citizens who are not domiciled in Germany, if such donor, transferor or beneficiary has not been continuously outside of Germany for a period of more than five years or had a residence in Germany during such absence; or
- the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares subject to such transfer consist or form part of a portfolio of 10% or more of such Deutsche Telekom ADSs or Deutsche Telekom ordinary shares held directly or indirectly by the donor or transferor himself or together with one or more related persons.

The few German estate tax treaties currently in force, for example, the Estate Tax Treaty, usually provide that German gift or inheritance tax may only be imposed if the first condition above is met or if the ordinary shares or ADSs were held in connection with a permanent establishment or fixed base in Germany.

Other Taxes

No German transfer, stamp or other similar taxes apply to the acquisition, sale or other disposition of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares by Non-German Holders.

SUMMARY OF THE DEUTSCHE TELEKOM/VOICESTREAM TRANSACTION DOCUMENTS

The Deutsche Telekom/VoiceStream Merger Agreement

The following is a summary of the material provisions of the Deutsche Telekom/VoiceStream merger agreement. This summary is qualified in its entirety by reference to the Deutsche Telekom/VoiceStream merger agreement, a copy of which is incorporated by reference and attached as Annex A to this proxy statement/prospectus. VoiceStream stockholders are urged to read the Deutsche Telekom/VoiceStream merger agreement in its entirety, as it is the legal document governing the Deutsche Telekom/VoiceStream merger.

The Deutsche Telekom/VoiceStream Merger

A Delaware corporation formed by Deutsche Telekom will merge with and into VoiceStream and, as a result, VoiceStream will become a wholly-owned subsidiary of Deutsche Telekom.

Effective Time and Timing of Closing

The Deutsche Telekom/VoiceStream merger will be completed and become effective when VoiceStream files a certificate of merger with the Secretary of State of the State of Delaware or at such later time as is specified in the certificate of merger in accordance with Delaware law. We expect the Deutsche Telekom/VoiceStream merger to become effective on the same day as the closing of the Deutsche Telekom/VoiceStream merger. The closing of the Deutsche Telekom/VoiceStream merger will take place on the later of:

- the fifth business day, or on such other date that Deutsche Telekom and VoiceStream may agree, after the conditions to the Deutsche Telekom/VoiceStream merger have been satisfied or waived; and
- May 31, 2001.

In addition, on the closing date of the Deutsche Telekom/VoiceStream merger or as soon as possible after the closing date, Deutsche Telekom and VoiceStream will undertake a number of additional actions, including making filings with regulatory and stock exchange authorities necessary to permit the issuance of the Deutsche Telekom/VoiceStream merger consideration.

Consideration To Be Received in the Deutsche Telekom/VoiceStream Merger

The basic consideration in the Deutsche Telekom/VoiceStream merger is \$30 in cash and 3.2 Deutsche Telekom shares for each VoiceStream common share outstanding at the completion of the Deutsche Telekom/VoiceStream merger, and each VoiceStream stockholder is entitled to elect to receive this basic mix. VoiceStream stockholders may also elect to receive instead more cash and fewer Deutsche Telekom shares, or more Deutsche Telekom shares and less cash, by making a cash election or a stock election. **As explained below, however, the cash and stock elections are subject to proration to preserve an overall mix of \$30 in cash and 3.2 Deutsche Telekom shares for all of the outstanding VoiceStream common shares taken together, and all three elections also are subject to a tax-related adjustment in some circumstances. As a result, under any of the elections you may receive less cash and more stock, or less stock and more cash, than you have elected.** VoiceStream stockholders who fail to make an election will be deemed to have made the mixed election.

<u>Type of Election</u>	<u>Consideration To Be Received per VoiceStream Common Share (Before Proration and/or Tax-Related Adjustment)</u>
• Mixed	\$30 in cash and 3.2 Deutsche Telekom shares
• Stock	3.7647 Deutsche Telekom shares
• Cash	\$200 in cash

Important note: Unless the price of Deutsche Telekom shares appreciates substantially between the date of this document and the election deadline, it is expected that the cash election will be oversubscribed and therefore be subject to proration that will result in the receipt of Deutsche Telekom stock and significantly less cash by VoiceStream stockholders making the cash election. **However, stockholders making the cash election will receive at least as much cash as they would have received by making the mixed election, and stockholders seeking to maximize the amount of cash they receive should make the cash election.**

You will receive Deutsche Telekom shares in the form of Deutsche Telekom ADSs, which are traded on the NYSE under the symbol "DT", or, if you prefer, in the form of Deutsche Telekom ordinary shares, which trade principally on the Frankfurt Stock Exchange under the symbol "DTE".

Explanation of Proration. The total number of Deutsche Telekom shares that will be issued and the total amount of cash that will be paid to VoiceStream stockholders in the Deutsche Telekom/VoiceStream merger is 3.2 Deutsche Telekom shares and \$30, respectively, multiplied by the total number of VoiceStream common shares outstanding immediately prior to completion of the Deutsche Telekom/VoiceStream merger. The stock and cash elections are subject to proration to preserve an overall mix of \$30 in cash and 3.2 Deutsche Telekom shares for all of the outstanding VoiceStream common shares taken together. Therefore, unless the number of stock elections is significantly greater than the number of cash elections, VoiceStream stockholders making the cash election will not receive \$200 in cash, but instead will receive a mix of cash and stock calculated to preserve the overall cash and stock mix described above, after taking into account all of the elections made by all of the VoiceStream stockholders. In all cases, the cash election will include at least as much cash as the mixed election. Similarly, if the number of stock elections is significantly greater than the number of cash elections, VoiceStream stockholders making the stock election will not receive 3.7647 Deutsche Telekom shares, but instead will receive a mix of cash and stock calculated to preserve the overall cash and stock mix described above, after taking into account all of the elections made by all of the VoiceStream stockholders. In all cases, the stock election will include at least as much stock as the mixed election. VoiceStream stockholders who make the mixed election will not be subject to proration.

As of the date of this document, the non-prorated \$200 value of the cash election is substantially greater than the current value of the stock and mixed elections. If this remains true at the election deadline, it is expected that all or nearly all VoiceStream stockholders will make the cash election. If this occurs, stockholders making the cash election will receive a mix of cash and Deutsche Telekom shares in a proportion very close to or equal to the mixed election.

We illustrate below how the proration mechanism will be used. For ease of reference, we refer to the number of Deutsche Telekom shares derived by multiplying 3.2 and the number of VoiceStream common shares outstanding immediately prior to the completion of the Deutsche Telekom/VoiceStream merger as the "Deutsche Telekom share issuance number." Similarly, we refer to the amount of cash derived by multiplying \$30 and the number of VoiceStream common shares outstanding immediately prior to the completion of the Deutsche Telekom/VoiceStream merger as the "aggregate cash amount." **The illustration below assumes that no tax-related adjustment, as described below, would be made.**

Proration if Too Much Cash Is Elected. Unless the number of stock elections is significantly greater than the number of cash elections, VoiceStream stockholders making the cash election will not receive \$200 in cash, but instead will receive a mix of cash and stock calculated to preserve the overall cash and stock mix described above in the following way:

- Step 1. Derive the available cash election amount: the available cash election amount is the aggregate cash amount less the amount of cash to be paid in respect of shares as to which a valid mixed election is made.
- Step 2. Derive the cash election amount: the cash election amount is the product of \$200, and the number of VoiceStream common shares as to which a valid cash election is made.
- Step 3. Derive the cash proration factor: the cash proration factor equals the available cash election amount divided by the cash election amount.

- Step 4. Derive the prorated cash consideration: each VoiceStream common share as to which a valid cash election is made will be converted into the right to receive an amount in cash equal to the product of \$200 multiplied by the cash proration factor.
- Step 5. Derive the stock consideration: each VoiceStream common share as to which a valid cash election is made will be converted into the right to receive a number of Deutsche Telekom ordinary shares equal to the product of 3.7647 and the number equal to one minus the cash proration factor.

Example. If the cash election of VoiceStream stockholders is oversubscribed, we would calculate the cash proration factor as illustrated above. Assuming that the cash proration factor is 0.2, then if you own 100 VoiceStream common shares and make the cash election, you would receive:

- the amount of cash equal to 0.2 multiplied by \$200, multiplied by the number of VoiceStream common shares you hold, or 100, for a total of \$4,000 in cash; and
- the number of Deutsche Telekom shares equal to 3.7647 multiplied by 0.8, multiplied by the number of VoiceStream common shares you hold, or 100, for a total of 301 Deutsche Telekom shares (plus cash for .176 of a Deutsche Telekom share).

Proration if Too Many Deutsche Telekom Shares Are Elected. If the number of stock elections is significantly greater than the number of cash elections, VoiceStream stockholders making the stock election will not receive 3.7647 Deutsche Telekom shares, but instead will receive a mix of cash and stock calculated to preserve the overall cash and stock mix described above in the following way:

- Step 1. Derive the available cash election amount: the available cash election amount is the aggregate cash amount less the amount of cash to be paid in respect of shares as to which a valid mixed election is made.
- Step 2. Derive the cash election amount: the cash election amount is the product of \$200 and the number of VoiceStream common shares as to which a valid cash election is made.
- Step 3. Derive the excess cash amount: the excess cash amount is the difference between the available cash election amount and the cash election amount.
- Step 4. Derive the prorated cash consideration: each VoiceStream common share as to which a valid stock election is made will receive an amount in cash equal to the excess cash amount divided by the number of VoiceStream common shares as to which a valid stock election is made.
- Step 5. Derive the stock proration factor: the stock proration factor is a fraction the numerator of which is \$200 minus the per share cash consideration calculated in Step 4 and the denominator of which is \$200.
- Step 6. Derive the prorated stock consideration: each VoiceStream common share as to which a valid stock election is made will be converted into the right to receive a number of Deutsche Telekom ordinary shares equal to the product of 3.7647 and the stock proration factor.

Example. If the stock election of VoiceStream stockholders is oversubscribed, we would calculate the cash consideration as illustrated above. Assuming that the prorated cash consideration is \$20 per share, then the stock proration factor would be 0.9. If you own 100 VoiceStream shares and make the stock election under these circumstances, you would receive:

- \$20 multiplied by the number of VoiceStream shares you hold, or 100, for a total of \$2,000; and
- the amount of Deutsche Telekom ordinary shares equal to 3.7647 multiplied by 0.9, multiplied by the number of VoiceStream common shares you hold, or 100, for a total of 338 Deutsche Telekom shares plus cash for .823 of a Deutsche Telekom share.

Explanation of Potential Tax-Related Adjustment to Merger Consideration. In order to preserve tax-free treatment of the receipt of Deutsche Telekom shares by VoiceStream stockholders for U.S. federal income tax purposes and to permit delivery of the requisite tax opinion pursuant to the

Deutsche Telekom/VoiceStream merger agreement, the aggregate amount of cash paid to all VoiceStream stockholders, including dissenters, cannot exceed approximately 17% to 18% of the total value of all of the shares and cash delivered by Deutsche Telekom to VoiceStream's stockholders. As a result, all three types of elections are subject to a tax-related adjustment to reduce the total amount of cash to be received in the Deutsche Telekom/VoiceStream merger to the extent necessary to preserve this tax-free treatment. If such a tax-related adjustment were necessary, the amount of cash you would have received, after taking into account your election and any proration, will be reduced and you will receive additional Deutsche Telekom shares instead calculated as described below. Whether the tax-related adjustment will be made, and the magnitude of the tax-related adjustment, if made, will be based on a number of factors, including the trading price of Deutsche Telekom shares at the time the Deutsche Telekom/VoiceStream merger is completed, the number of VoiceStream shares outstanding at that time, the euro/dollar exchange rate immediately before the completion of the Deutsche Telekom/VoiceStream merger and the number of VoiceStream common shares for which dissenters' rights are exercised. The amount of any tax-related adjustment would be determined by VoiceStream after consultation with Deutsche Telekom, and may be conservatively estimated to facilitate the delivery of the requisite tax opinion at the completion of the Deutsche Telekom/VoiceStream merger.

Based on the facts described above, the tax-related adjustment generally would be triggered if the trading price of the Deutsche Telekom ordinary shares immediately prior to completion of the Deutsche Telekom/VoiceStream merger were less than approximately \$47.10, but could be triggered at higher trading prices.

If the Deutsche Telekom/VoiceStream merger had closed on February 7, 2001, and no dissenters' rights had been exercised, which may not be the case, the tax-related adjustment would have been necessary and, as a result, the amount of cash to be paid to each VoiceStream stockholder receiving cash in the Deutsche Telekom/VoiceStream merger would have been reduced by approximately 29%, with additional Deutsche Telekom shares issued in substitution. The value of the Deutsche Telekom shares issued in substitution will depend on the exchange rate between the euro and the dollar at the relevant time, and upon the trading price of Deutsche Telekom ordinary shares; however, if the Deutsche Telekom/VoiceStream merger had closed on February 7, 2001, the value of the Deutsche Telekom shares issued in lieu of cash would have been approximately 1% more than the cash they replaced for the reasons described below. As a result, if the Deutsche Telekom/VoiceStream merger had closed on February 7, 2001 and the tax-related adjustment had been made on the assumptions described in this paragraph, the mixed election would have been adjusted as follows:

<u>Mixed Election</u>	<u>Number of DT Shares</u>	<u>Amount of Cash</u>	<u>Value on February 7, 2001</u>
Unadjusted	3.2	\$30.00	\$128.59
Adjusted	3.4837	\$21.36	\$128.69

If the Deutsche Telekom/VoiceStream merger had been completed on February 7, 2001, the cash election, after giving effect to expected proration, likely would have consisted of a mix of Deutsche Telekom shares and cash very close to or equal to the mixed election.

Number of Deutsche Telekom Shares in Lieu of Cash Consideration. If a tax-related adjustment is made, then, for purposes of determining the number of Deutsche Telekom shares to which a holder is entitled in lieu of the amount by which the cash portion of the Deutsche Telekom/VoiceStream merger consideration is reduced, the price of Deutsche Telekom ordinary shares is calculated by taking the volume weighted average trading price in euros of Deutsche Telekom ordinary shares on the Frankfurt Stock Exchange on seven trading days randomly selected from the 15 trading days immediately preceding the date the determination is to be made, converted into U.S. dollars at a fixed exchange rate of one euro to 0.9216 of a U.S. dollar. If this calculated average price would otherwise be less than 33 euros, then 33 euros, and not the calculated average price, will be used. If the calculated average price is less than 33 euros or if the euro depreciates from the fixed exchange rate of one euro to 0.9216 of a U.S. dollar, the aggregate market value of the Deutsche Telekom shares that VoiceStream stockholders receive to

compensate for the reduction in cash consideration generally would be less than the amount by which the cash consideration was reduced to permit delivery of the required tax opinion. As of February 7, 2001, the euro had appreciated from the exchange rate of one euro to 0.9216 of a U.S. dollar fixed in the Deutsche Telekom/VoiceStream merger agreement. See "Exchange Rates." Had the Deutsche Telekom/VoiceStream merger closed on February 7, 2001, the value of the additional Deutsche Telekom shares substituted would have been more than the amount of the cash reduction.

Example. If you own 100 VoiceStream common shares, made a mixed election and therefore would have otherwise received \$30 in cash per share as part of your merger consideration, you would have received a total of \$3,000 and 320 Deutsche Telekom shares, absent the tax-related adjustment. We could be required to adjust the cash payment to permit delivery of the required tax opinion by reducing it from \$30. In the event the cash payment were reduced to \$25, you then would receive in lieu of the \$500, or \$5 per VoiceStream common share, that number of Deutsche Telekom shares equal in value to \$500 based on a calculated average price of the Deutsche Telekom ordinary shares in euros on the Frankfurt Stock Exchange during a measurement period close to the time the Deutsche Telekom/VoiceStream merger is completed, converted into dollars at an exchange rate of one euro to 0.9216 of a U.S. dollar, with cash paid in lieu of fractional shares. However, if the calculated average price would otherwise be 33 euros or less, the price of a Deutsche Telekom ordinary share will be deemed to be 33 euros for purposes of the calculation. In addition, the euro to dollar exchange rate is fixed at one euro to 0.9216 of a U.S. dollar, even if the exchange rate at the time of the merger is lower than 0.9216. In this example, if the price of Deutsche Telekom shares is lower than 33 euros at the time of the merger or if the exchange rate between the euro and U.S. dollar is lower than the fixed one euro to 0.9216 of a U.S. dollar exchange rate at that time, the value of Deutsche Telekom shares you receive generally would be less than the \$500 value of the cash tax-related adjustment.

For illustration of the approximate total value that you would receive for each of your VoiceStream common shares assuming various prices of Deutsche Telekom ordinary shares at the time the Deutsche Telekom/VoiceStream merger is completed, see the illustrative table on page 4.

Other Potential Adjustments. The amount and form of the Deutsche Telekom/VoiceStream merger consideration will be adjusted in the event that before the completion of the Deutsche Telekom/VoiceStream merger.

- a reclassification, split-up, stock-split, reverse stock-split, stock dividend, stock combination, recapitalization, redenomination of share capital, merger or similar transaction or an exchange offer causes a change to the Deutsche Telekom ordinary shares outstanding, or the number of Deutsche Telekom ordinary shares represented by a Deutsche Telekom ADS is changed; or
- all of the outstanding Deutsche Telekom ordinary shares, or more than 80% of the outstanding Deutsche Telekom ordinary shares pursuant to an exchange offer for all outstanding Deutsche Telekom shares, are changed into or exchanged for a different number or kind of shares of Deutsche Telekom, or into shares of another entity owning more than 80% of the Deutsche Telekom shares.

For example, if prior to completion of the Deutsche Telekom/VoiceStream merger, Deutsche Telekom, in order to facilitate future acquisitions, were to establish a new German holding company that acquired through an exchange offer more than 80% of the outstanding Deutsche Telekom shares, holders of VoiceStream common shares would receive shares of the new holding company instead of Deutsche Telekom shares in the Deutsche Telekom/VoiceStream merger.

Treatment of Other Capital Stock, Warrants and Exchange Rights

2½% Convertible Junior Preferred Shares. On December 21, 2000, a subsidiary of Hutchison Whampoa Ltd. converted each 2½% convertible junior preferred share of VoiceStream, par value \$0.001 per share, into VoiceStream common shares, at the conversion rate of \$29 per VoiceStream common share according to the terms of that series of VoiceStream preferred shares.

Omnipoint 7% Convertible Preferred Shares. At any time on or after May 1, 2001 until the Deutsche Telekom/VoiceStream merger is completed, Deutsche Telekom may, subject to some restrictions, require VoiceStream to issue a notice of redemption with respect to all the shares of 7% cumulative convertible preferred shares, par value \$0.001, of Omnipoint. The redemption price will be the redemption price in effect on the redemption date, as provided by the terms of that series of preferred shares. If all the 7% convertible preferred shares have not been redeemed before the Deutsche Telekom/VoiceStream merger is completed, holders will become entitled, upon conversion of the 7% convertible preferred shares, to receive from Deutsche Telekom the merger consideration. Any Deutsche Telekom ordinary shares to which the holders are entitled will be issued by a special trust established for the benefit of the holders of the 7% convertible preferred shares, and any cash payment to which the holders are entitled will be paid by Deutsche Telekom.

Voting Preferred Shares Issued to Deutsche Telekom. The VoiceStream voting preferred shares acquired by Deutsche Telekom under the investment agreements described under “— The Deutsche Telekom Investment Agreements” will remain outstanding and will not be affected by the Deutsche Telekom/VoiceStream merger.

Omnipoint Warrants. If any of the warrants granted pursuant to the Omnipoint remainder warrant certificate have not been exercised before the Deutsche Telekom/VoiceStream merger is completed the holders of warrants will become entitled, upon exercise of the warrants, to receive the merger consideration and any Deutsche Telekom ordinary shares to which the warrant holder becomes entitled will be issued from a special trust established for the benefit of the warrant holders and any cash to which the warrant holder becomes entitled will be paid by Deutsche Telekom. These warrants expire by their terms on August 2, 2001.

Cook Inlet Exchange Rights. In December 2000, Cook Inlet Region, Inc. and SSPCS Corporation received a total of 7,912,867 VoiceStream common shares as a result of their or their affiliates’ exchange of their interests in certain of the Cook Inlet Joint Ventures or their affiliates for VoiceStream common shares.

In addition, Providence Media Partners, L.P., Providence Equity Partners III, L.P. and Providence Equity Operating Partners III, L.P. have rights to exchange their interests in affiliates of Cook Inlet VoiceStream PV/SS PCS L.P. and Cook Inlet/VoiceStream PCS, LLC for VoiceStream common shares. To the extent that any of the Providence entities have not received VoiceStream common shares before the Deutsche Telekom/VoiceStream merger is completed in respect of their exchange rights, those entities will be entitled, upon exchange of their interests, to receive the consideration that they are entitled to receive pursuant to their exchange rights.

Furthermore, VoiceStream and an affiliate of Cook Inlet Region, Inc. have entered into an exchange rights agreement pursuant to which the affiliate of Cook Inlet Region, Inc. has certain rights to exchange its membership interest in Cook Inlet/VS GSM IV PCS Holdings, LLC for 382,657 VoiceStream common shares. Deutsche Telekom will assume VoiceStream’s obligations pursuant to this exchange rights agreement upon completion of the Deutsche Telekom/VoiceStream merger. In addition, VoiceStream and an affiliate of Cook Inlet Region, Inc. are currently negotiating an agreement pursuant to which the parties anticipate that the affiliate will have certain rights to exchange its membership interest in Cook Inlet/VS GSM V PCS Holdings, LLC for cash or VoiceStream common shares at VoiceStream’s discretion, provided that if the Deutsche Telekom/VoiceStream merger is completed prior to the exchange, the exchange will be for cash or Deutsche Telekom securities at Deutsche Telekom’s discretion.

To the extent that Cook Inlet Region, Inc., SSPCS or the Providence entities are entitled to receive Deutsche Telekom shares on or after the date the Deutsche Telekom/VoiceStream merger is completed, the Deutsche Telekom shares will be delivered from a special trust established for the benefit of such entities, and any cash to which such entities become entitled will be paid by Deutsche Telekom.

The “Cook Inlet Joint Ventures” are Cook Inlet VoiceStream PV/SS PCS, L.P., Cook Inlet/VoiceStream PCS, LLC, Cook Inlet/VS GSM II PCS, LLC, Cook Inlet/VS GSM III PCS, LLC,

Cook Inlet/VS GSM IV PCS Holdings, LLC and Cook Inlet/VS GSM V PCS Holdings, LLC and any entity or entities designated as such by Deutsche Telekom and VoiceStream for purposes of the Deutsche Telekom/VoiceStream merger agreement.

Election and Exchange of Certificates Representing VoiceStream Common Shares

Deutsche Telekom will appoint an escrow agent to serve in connection with the Deutsche Telekom/VoiceStream merger.

Deutsche Telekom and VoiceStream will use their reasonable best efforts to mail to each registered holder of VoiceStream common shares, at least 45 days before the Deutsche Telekom/VoiceStream merger is expected to be completed, an election form with instructions for making the stock election or the cash election or for receiving the mixed consideration, and a letter of transmittal that the holder must properly complete and deliver to the escrow agent with the holder's VoiceStream share certificates before the election deadline. Any registered holder of VoiceStream common shares that fails to submit properly completed election forms or to deliver share certificates before the election deadline will be deemed to have made a mixed election and will automatically receive \$30 in cash and 3.2 Deutsche Telekom shares, subject to a tax-related adjustment, when the holder delivers to the escrow agent the holder's VoiceStream share certificates, together with a properly completed letter of transmittal.

The election deadline will be five business days before the Deutsche Telekom/VoiceStream merger is expected to be completed. Since the actual election deadline is not yet known, Deutsche Telekom and VoiceStream will use their best efforts to make a public announcement notifying VoiceStream stockholders of the election deadline at least five business days before that deadline. Any holder may revoke in writing that holder's previously submitted election forms until the election deadline.

If you own VoiceStream common shares in "street name" through a bank, broker or other financial institution and wish to make the stock or cash election, you should seek advice from the financial institution concerning making such election.

The escrow agent will exchange VoiceStream share certificates for American depositary receipts representing Deutsche Telekom ADSs or, if a VoiceStream stockholder properly elects, certificates representing Deutsche Telekom ordinary shares. The election forms and the letter of transmittal mailed to VoiceStream stockholders will contain an "ordinary share election" form that can be used by a stockholder to elect to receive that stockholder's stock consideration in Deutsche Telekom ordinary shares.

After a record holder of VoiceStream common shares delivers certificates for those shares and a properly completed letter of transmittal to the escrow agent, the escrow agent will deliver to that holder:

- the number of whole Deutsche Telekom ADSs or Deutsche Telekom ordinary shares included in the Deutsche Telekom/VoiceStream merger consideration in respect of those VoiceStream common shares, subject to proration and a tax-related adjustment; and
- a check in the amount, after giving effect to any required tax withholdings, of:
 - any cash consideration payable to that holder; plus
 - cash in lieu of any fractional interest in Deutsche Telekom ADSs or Deutsche Telekom ordinary shares on the terms described below; plus
 - any cash dividends or other distributions that the holder has the right to receive, including dividends or other distributions payable with respect to the holders of Deutsche Telekom ADSs or Deutsche Telekom ordinary shares with a record date after the completion of the Deutsche Telekom/VoiceStream merger and a payment date on or before the date the holder properly delivers VoiceStream share certificates to the escrow agent.

The escrow agent will not deliver fractional Deutsche Telekom ADSs or fractional Deutsche Telekom ordinary shares in connection with the Deutsche Telekom/VoiceStream merger. Instead, each holder of VoiceStream common shares exchanged in the Deutsche Telekom/VoiceStream merger that would

otherwise have received a fraction of a Deutsche Telekom ADS or Deutsche Telekom ordinary share will be entitled to receive a cash payment representing that holder's proportionate interest in the net proceeds from the sale by the escrow agent of the aggregate of the fractions of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares that would otherwise be issued on the NYSE and the Frankfurt Stock Exchange, respectively. Deutsche Telekom will pay all commissions, transfer taxes and out-of-pocket costs, including the expenses and compensation of the escrow agent, incurred in connection with the sale of the Deutsche Telekom ADSs and Deutsche Telekom ordinary shares.

VoiceStream common shares that are surrendered to the escrow agent will be canceled. No interest will be paid or accrued on any amount payable to holders of VoiceStream common shares. In addition, no holder of VoiceStream common shares will receive any dividends or other distributions with respect to Deutsche Telekom ADSs or Deutsche Telekom ordinary shares to which the holder is entitled under the Deutsche Telekom/VoiceStream merger agreement until that holder's VoiceStream share certificate is surrendered to the escrow agent with a properly completed letter of transmittal.

If any Deutsche Telekom ADSs or Deutsche Telekom ordinary shares are to be delivered to a person other than the registered holder of the VoiceStream common shares represented by the VoiceStream share certificates surrendered to the escrow agent:

- such VoiceStream share certificates must be properly endorsed or otherwise be in proper form for transfer; and
- the person requesting delivery must pay to the escrow agent any transfer or other taxes required as a result of delivery to a person other than the registered holder, or establish, to the satisfaction of the escrow agent, that the tax has been paid or is not payable.

Under the Deutsche Telekom/VoiceStream merger agreement, VoiceStream may declare and pay before the completion of the Deutsche Telekom/VoiceStream merger a stock dividend of 0.0075 of a VoiceStream common share for each VoiceStream common share outstanding. If the payment of this dividend is made after the election deadline, any VoiceStream common shares issued pursuant to this dividend generally will be deemed to be subject to the same election as was made by the holder with respect to a majority of the holder's VoiceStream common shares. The conversion or exercise terms of VoiceStream's and its subsidiaries' options, warrants, preferred securities or other rights or securities convertible into VoiceStream common shares will be adjusted to reflect the dividend in accordance with the terms of the documents governing those securities.

Treatment of Options and Restricted Stock

VoiceStream Options. If the Deutsche Telekom/VoiceStream merger is completed, each outstanding VoiceStream stock option will be converted into an option to acquire, from a trust established for the benefit of holders of VoiceStream stock options, 3.7647 Deutsche Telekom ordinary shares for each VoiceStream common share subject to that VoiceStream option rounded if necessary to the nearest whole Deutsche Telekom ordinary share. The exercise price per Deutsche Telekom ordinary share for each of these options will be the exercise price per VoiceStream common share applicable to that option before completion of the Deutsche Telekom/VoiceStream merger divided by 3.7647. The replacement options generally will have the same terms and conditions as were applicable under VoiceStream option plans.

VoiceStream Restricted Shares. If the Deutsche Telekom/VoiceStream merger is completed, each outstanding VoiceStream restricted share will be converted into a right to receive, from a trust established for the benefit of holders of VoiceStream restricted shares, 3.7647 Deutsche Telekom shares. The Deutsche Telekom ordinary shares issued to the former holders of VoiceStream restricted shares will have the same terms and conditions and be subject to the same vesting provisions as were applicable under the VoiceStream restricted share award plans.

Dissenting Shares

If appraisal rights for any VoiceStream shares are perfected by any stockholder, then those shares will be treated as described under “The Deutsche Telekom/VoiceStream Merger — Appraisal Rights.”

Representations and Warranties

The Deutsche Telekom/VoiceStream merger agreement contains a number of representations and warranties made by VoiceStream and Deutsche Telekom to each other, including those regarding:

- due organization, good standing and qualification;
- capital structure;
- corporate authority to enter into the Deutsche Telekom/VoiceStream merger agreement and lack of conflicts with corporate governance documents, contracts or laws;
- governmental filings;
- accuracy of SEC reports, financial statements and information provided to the other party;
- absence of certain material changes or events since December 31, 1999;
- absence of undisclosed liabilities and pending litigation;
- compliance with laws;
- permits and licenses;
- finders or brokers fees;
- tax matters, including the absence of facts inconsistent with the qualification of the Deutsche Telekom/VoiceStream merger as a reorganization under Section 368(a) of the U.S. tax code, or that would cause a stockholder of VoiceStream to recognize gain pursuant to Section 367(a) of the U.S. tax code;

In addition, VoiceStream made representations and warranties to Deutsche Telekom as to:

- employee benefit plans;
- labor matters;
- the receipt of a fairness opinion from a financial advisor; and
- intellectual property.

In addition, the Deutsche Telekom/VoiceStream merger agreement contains representations and warranties made by merger subsidiary to VoiceStream regarding some of the above matters.

Conduct of Business Pending the Deutsche Telekom/VoiceStream Merger

Covenants of VoiceStream. VoiceStream has agreed that, until the Deutsche Telekom/VoiceStream merger is completed, it will carry on its and its subsidiaries' business in the ordinary course. VoiceStream also has agreed that, until the Deutsche Telekom/VoiceStream merger is completed, it will use commercially reasonable efforts to preserve substantially intact its business organizations, keep available the services of those of its officers, employees and consultants who are integral to the business and maintain its existing relations and goodwill with customers, suppliers and others with whom it does business.

In addition, VoiceStream has agreed that before the Deutsche Telekom/VoiceStream merger is completed it will not take the actions listed in the Deutsche Telekom/VoiceStream merger agreement,

which includes the following actions, without Deutsche Telekom's prior written consent, except under limited circumstances specified in the Deutsche Telekom/VoiceStream merger agreement:

- issue any new shares of capital stock or any options or other rights to acquire those shares;
- split, combine or reclassify any of its outstanding capital shares;
- declare or pay dividends or distributions with respect to VoiceStream common shares;
- redeem, purchase or otherwise acquire any shares of VoiceStream capital stock;
- make capital expenditures in excess of the aggregate annual amount contained in VoiceStream's business plan for the year 2000;
- incur material indebtedness;
- grant severance or termination pay, stay bonus, or other incentive arrangements;
- except in the ordinary course of business, make any payments under any VoiceStream employee benefit plans to any director or officer of, or independent contractor or consultant to, VoiceStream or any of its subsidiaries;
- enter into or amend any employment or consulting agreement of the type that would require disclosure to Deutsche Telekom pursuant to the representations VoiceStream made in the Deutsche Telekom/VoiceStream merger agreement concerning employee benefits-related matters;
- grant new awards under an existing VoiceStream benefit plan, except in the ordinary course of business, or grant new equity-based rights;
- file material amended tax returns or settle material tax audits or other material tax proceedings;
- change in any respect its method of tax accounting or tax practice or its accounting policies or modify any actuarial cost method or practice used in determining costs and obligations for any VoiceStream benefit plans, except as required by U.S. GAAP and except as would not have a material adverse effect on VoiceStream;
- take any action that would materially impair or delay the obtaining of the necessary regulatory approvals to complete the Deutsche Telekom/VoiceStream merger;
- take any action that would:
 - prevent or impede the Deutsche Telekom/VoiceStream merger from qualifying as a reorganization within the meaning of Section 368(a) of the U.S. tax code; or
 - cause VoiceStream stockholders to recognize gain in the Deutsche Telekom/VoiceStream merger under Section 367(a)(1) of the U.S. tax code;
- take any action that would cause the VoiceStream common shares to cease to be quoted on the Nasdaq Stock Market;
- except as may be required by the terms of any existing VoiceStream award agreement, accelerate the vesting or payment of any equity or equity-based award;
- materially increase the compensation payable to an officer or director;
- agree to enter into a merger or similar business combination as a result of which VoiceStream stockholders will receive consideration in exchange for their shares; and
- authorize or enter into a material joint venture or an agreement that has a non-competition provision applicable to the business of VoiceStream or its subsidiaries, other than agreements that do not affect VoiceStream's business outside the United States and that are in the ordinary course, consistent with past practice in respect of certain VoiceStream joint ventures.